Awareness of ULTS Compared to Awareness of CCS

There is very high awareness of Custom Calling Services (CCS) among matched customers: 84% have heard of "something called Custom Calling Services like Call Waiting and Call Forwarding". Non-customers are almost equally aware of Custom Calling Services: 76%. Among both groups, awareness of CCS is considerably higher than awareness of ULTS. 7.5

Perception of Ability to Qualify for ULTS

The large majority of non-customers would qualify for ULTS: 83%. 8.1

Attempts to Get ULTS among Those Aware of the Name

About half of those aware of the name say they have tried to get it; half have not. 8.3

> 40% of those who tried to get it say an outstanding balance due is what prevented them from getting it. The remaining 60% give a variety of reasons, no one of which stands out as accounting for a large part of why they did not get it.
>
> No one reason stands out for not trying to get it among those aware who did not try. 8.4

Reactions to ULTS

ULTS was described to non-customers who qualify along with the costs associated with different types of calls. These are the main reactions:

Most say they could afford the installation cost (89%), and most say this was LESS than they thought it would be (63%). 8.5

66% of those who have had their service disconnected were NOT aware they could spread the payments out; 85% of those who had not had a disconnect were not aware there was no deposit in that case. 8.6

Some (38%) thought they could keep their costs close to the basic rate by not calling outside the 12 mile radius of their home, but 33% thought they could not do this, and another 29% were not sure (thus, most anticipated extra costs for calls). 8.9

Only 17% thought their monthly bill on ULTS would be less than $10 (most anticipating extra costs for calls). A majority thought it would be somewhere between $10 and $49. The mean cost is $28; the median is $19 (well above the basic service price quoted to them). 8.10

Knowledge about ULTS and the various cost elements (installation, deposit) improves perceived affordability of telephone service: earlier, 32% say service would be "very easy" to afford; this increases to 47% after shown ULTS. Similarly, the percentage finding it difficult decreases from 28% to 19%. 8.11

Main reasons given for saying it would be less than very easy to afford have to do with the costs of calls (within the United States and outside), the inability to control the number of calls and the inability to control who uses the phone. The basic monthly cost is cited as a big reason by only 10%. 8.12

Interest in Signing Up for ULTS

The large majority of qualified non-customers express an interest in signing up for ULTS: 77%. Almost one-fourth (23%) say they would continue as now, i.e. not have phone service. 8.15

Interest in Call Control

There is a great deal of interest in a service that would help non-customers control the calls that cost extra. 8.16

77% of those interested in ULTS would be interested in call control. 8.16

About half (46%) of those who were NOT interested in having ULTS say they would be interested in a call control service, suggesting a call control service could increase interest in getting telephone service among those not otherwise interested in ULTS. 8.16

Interest in ULTS, Call Control among Matched Customers

Matched customers are less interested in call control than non-customers. This lower interest in call control among customers underscores how call control is of special concern to those who do NOT have telephone service. This reinforces many other findings showing lack of control over calls as a main reason for not only (a), not having phone service, but also (b), not being able to keep it once one gets it. 8.17

This study provides a comprehensive picture of non-customers: who they are, why they don't have telephone service, how they feel about the affordability of telephone service, what they think it costs, how those perceptions influence perceived affordability, awareness of and reactions to ULTS (among those who qualify for it) and interest in a call control service. It is not within the scope of this reporting effort to address all of the possibilities for analysis. Instead, we have focussed on those things that seem most relevant to the major objectives of the study.

In this Conclusions/Implications Section we have tried to identify the best opportunities for improving telephone penetration. The study indicates that most of those who want telephone service have been able to get it. Thus, we have searched not so much for the barriers to getting phone service, but rather for what could be done to improve retention among those who get it. While we have not overlooked possibilities for addressing those who have never had phone service, these possibilities represent a smaller opportunity since there are fewer of these types of non-customers and almost three in five of them do not say they plan to get telephone service (although, when told about ULTS, most express interest in having it).

About Barriers to Getting Phone Service

This study represents non-customers in the LOWEST telephone penetration areas within the major metropolitan areas of California. One thing stands out as very important: even in these areas, about two-thirds of the non-customers have been able to get telephone service and the remaining 35%, for the most part, have not tried to do so. The study does not find lack of access or even understanding to be a major deterrent to getting phone service.

Non-customers are mostly Hispanic and almost two-thirds of the Hispanics prefer Spanish in dealing with the phone company. Most Hispanics are aware the phone company has Spanish speaking representatives; most Hispanics say it would be easy for them to call the phone company. Some Hispanics, especially language dependent Hispanics, have concerns about being reported to governmental agencies but these concerns rank well below other factors as reasons for not having phone service.

About Increasing Telephone Penetration Rates

Given these findings, if the intent is to try to increase penetration rates, two-thirds of the challenge may lie in finding ways to improve retention: 65% of the current non-customer pool found a way to get telephone service but were unable to keep it, mostly because of high telephone bills. For this group, the issues are not so much increasing awareness as helping them to control total monthly costs. One notable exception: they need to be more aware of the installment option for paying the amounts due.

There remain 35% who have never had phone service, most (79%) of whom have never tried to get it. However, about half of those who have never had it and have not tried to get it indicate they do not plan to get phone service. This leaves slightly less than half of 35% (of the total non-customer pool) who have never had it, never tried to get it, but appear to plan to get it. While there are opportunities to increase the likelihood of this group's getting phone service (mostly making them more aware of ULTS) this represents a much smaller potential for increasing penetration.

The study suggests different strategies for each of these three groups:

For the 30% who have had phone service disconnected by the phone company and have outstanding balances —

> Need to improve awareness of installment options: for installation of ULTS, and for paying amounts due.
>
> Need to help "reconnect" customers better control costs of calls.

For the 29% who have had phone service and decided to stop it on their own —

> Problem is often related to high mobility: many of these customers decide to stop and not reconnect because they moved, and it does not seem worth it to reconnect. Need to increase awareness of ULTS start-up costs. Also, need to improve awareness of no deposit requirement for reconnects.
>
> Some cite the same things that cause problems for the phone company disconnects: high telephone bills. Need to help them control these costs.

For the 28% who have never had phone service and never tried to get it —

> Roughly half of this group indicate they do not plan to get phone service, but half do.
>
> Among the half that do, many are not aware of ULTS, but when ULTS is described, the majority of NEVER HADs express interest in it. This suggests need to increase awareness of ULTS, not just name, but specifics, e.g. start-up costs. Also need to provide call control help.

About Perceived Affordability of Telephone Service

When asked directly, most non-customers say they would find telephone service "easy to afford". Only one in four says it would be difficult to afford telephone service. The study nevertheless shows that perceived affordability IS a major factor influencing whether one has telephone service or not: e.g. customers see it as much easier to afford than non-customers.

While perceived affordability is clearly a major factor in having phone service, it is difficult to determine the relative role other factors play in determining perceived affordability, e.g. —

> Affordability is correlated with the amounts non-customers expect to have to pay, especially for installation, deposit and total monthly bill, i.e. the higher the amount one expects to pay the less affordable it is perceived to be.
>
> It is also true, however, that the majority of non-customers say it would be "easy to afford" regardless of what they expect it to cost. For example, even at the highest expected costs, most non-customers do not say it would be difficult for them to afford phone service.
>
> Income does not seem to be a primary determinant even when one factors in family size: those who find it easy to afford are not that different with respect to income or ability to pay than those who find it difficult.
>
> These findings suggest that "affordability" is often in the mind of the individual and is influenced by so many factors that it may not be a particularly useful construct for addressing telephone penetration. Determining "what would be affordable" may not be as useful as addressing the things that directly affect penetration, e.g. reasons for not having phone service, knowledge and awareness of ULTS.

About Perceived Costs of Having Telephone Service

Perceived costs do correlate with perceived affordability which, in turn, influences whether one has phone service or not. Thus perceptions of cost are important to examine. The study finds the following:

Installation costs, deposit requirements and cost of calls are all more likely to be cited as reasons for either not having phone service or finding it less than "very easy" to afford than is the basic monthly service cost.

The study finds considerable lack of awareness and misunderstanding of the actual installation costs and deposit requirements. It does find that perceptions of the cost of phone service (installation, deposit requirements, cost of phone, expected total monthly cost) all tend to be higher than actual costs and that knowledge of the specific costs of ULTS increases the perceived affordability of telephone service. Thus, increasing awareness and knowledge of specific costs and options with ULTS should help to bring expectations more in line with real costs which, in turn, should make phone service be perceived as more affordable than it is now. And that in turn should help to improve penetration.

Call Control

The survey suggests that finding ways to control the cost of calls would do more to bring phone service within economic reach of the current pool of non-customers in these low telephone penetration areas than lowering the basic rates (assuming customers would be willing to exercise such controls). For example:

> Most non-customers have been able to pay the initial start-up costs but they ended up with high monthly telephone bills, largely because their bill became too large. So when many cite installment and deposit costs as reasons they do not have service, they are citing these as barriers to re-entry.
>
> Inability to control the size of the monthly telephone bill because of the extra cost of calls ranks high as a reason for finding telephone service less than very affordable.
>
> Inability to control the size of the monthly bill is also the major factor causing those who get phone service to have to discontinue it.

Lack of Perceived Need as a Reason Don't Have Phone Service

Roughly one-fourth to one-third of the non-customers express little perceived need for telephone service, e.g. feel they get along fine without it and/or cite lack of need as a reason for not having it.

Other Conclusions

Certain things were hypothesized as being deterrents to getting phone service. Some of these are found NOT to be major inhibitions:

Lack of awareness of language capability: most are aware the phone companies offer this.

Fear about being reported to the government: relatively few non-customers cite this as a reason for not having phone service. This is most likely to be a concern among language dependent Hispanics, but even in that group it does not appear to rank high as a reason for not having phone service.

Discomfort about calling the phone company: first, most have done so and gotten phone service. Among those who have not, most feel comfortable calling the phone companies.

Concerning the need for a Social Security Card, California Driver's License, U.S. citizenship:

The findings are not clear-cut. Here is what is known:

There is widespread belief that a Social Security Card is a requirement. Many also think a California Driver's License is required. Fewer think U.S. citizenship is a requirement.

Matched customers are as likely as non-customers to think these are requirements, thus suggesting these beliefs don't affect whether one has phone service. However, it is not known whether customers are more likely to HAVE these items. In the absence of knowing this, it may be best to conclude that more education in this area would not hurt, and it could help for those non-customers who do not have these things and think they are required.

The Findings in Detail

Part One: Perceived Affordability of Telephone Service and Reasons for Not Having

Introduction

Part One of this report examines the perceived affordability of phone service and reasons for not having phone service.

It is divided into six chapters:

Chapter 1: **Characteristics of non-customers** -- ethnicity, language capabilities, residence characteristics, socio-demographic profiles.

Chapter 2: **Telephone usage patterns**, access to phone in an emergency, attitudes toward not having phone service and plans to get phone service in the future.

Chapter 3: Non-customers' **past experiences with phone service**.

Chapter 4: Attitudes toward **contacting the phone company and satisfaction with past contacts**. Also explores non-customers' feelings about how the phone company could make it easier to get phone service.

Chapter 5: **Perceived affordability** of phone service, perceptions of cost to have phone service and factors that affect perceived affordability.

Chapter 6: **Why non-customers do not have phone service** (open-ended). Also examines importance of 17 specific possible reasons for not having phone service.

Chapter 1.0 Characteristics of Non-Customers

Examines:

Ethnic/racial make-up of total non-customer pool

Language capability, preferences (Hispanics)

Where born, length of residence in U.S. (Hispanics)

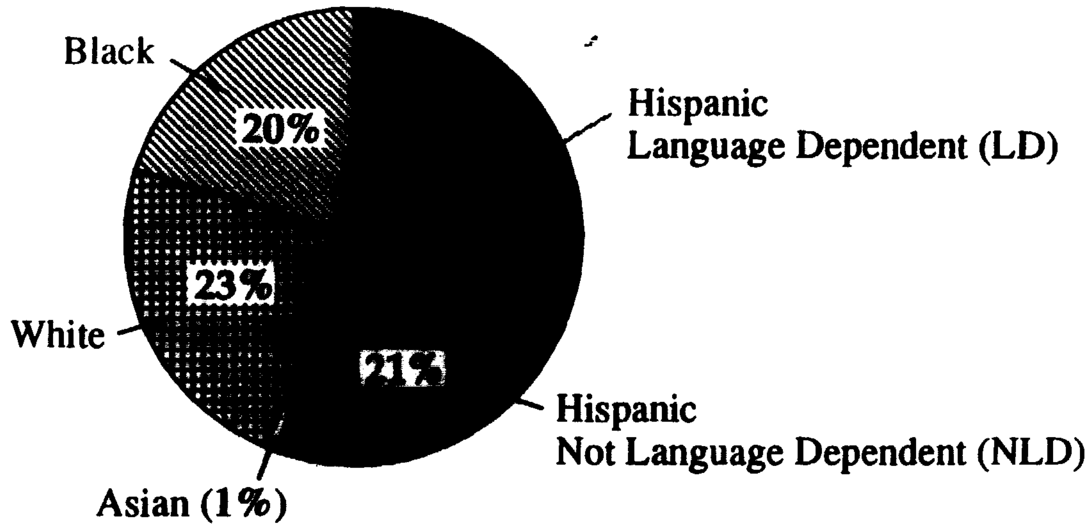
Sociodemographic profiles of non-customers

Residence characteristics of non-customers

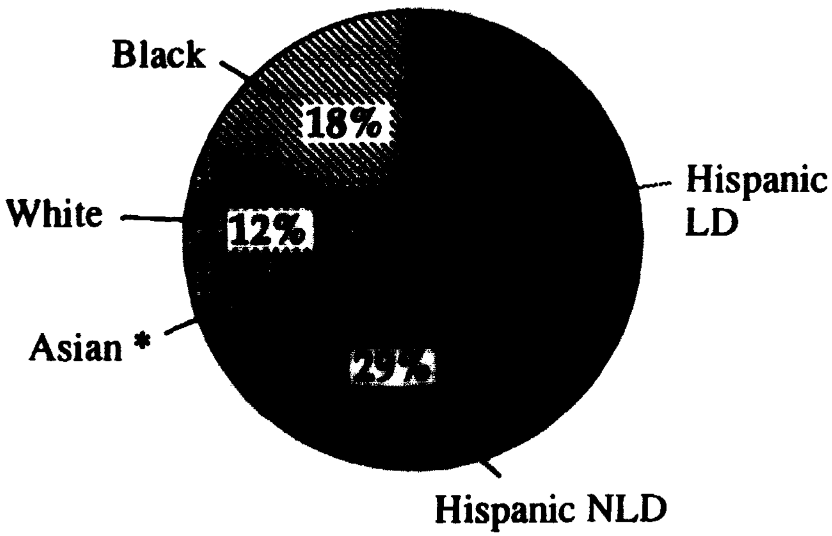
Where possible, non-customers are compared to the matched customers to measure the importance of the variable in differentiating those who have telephone service from those who do not.

Ethnic/Racial Make-up of Non-Customers

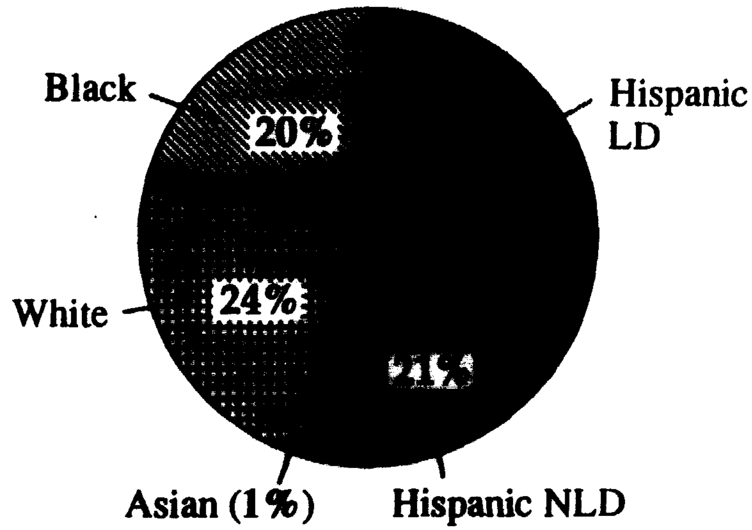
Total (GTE & PB combined) (n=571)



GTE (n=288)



Pacific Bell (n=283)



* Less than 0.5% Source: Q.932(NC)

Ethnic/Racial Make-up of Non-Customers

Table 1.1

The table opposite shows the ethnic/racial makeup of non-customers interviewed in low telephone penetration areas (i.e. areas with less than 90% telephone penetration).

Highlights

Slightly more than half of the non-customers found in low telephone penetration areas (GTE and Pacific Bell combined) are Hispanic: 34% are language dependant Hispanics (i.e. chose to be interviewed in Spanish) and 21% are non-language dependent Hispanics (interviewed in English). About one in four non-customers in low telephone penetration areas is White (23%) and one in five (20%) is Black. Asians represent just 1% of the total non-customers in these low telephone penetration areas.

By company: In total, 69% of the non-customers in GTE's low telephone penetration areas are Hispanic: 40% are language dependent and 29% are Hispanics who are not dependent on Spanish (i.e. interviewed in English). Just 12% of GTE non-customers are White. 18% are Black and fewer than 1% are Asian.

Slightly more than one-half (55%) of the non-customers in Pacific Bell's low telephone penetration areas are Hispanic: 34% are language dependent (i.e. interviewed in Spanish) and 21% are not (i.e. interviewed in English). About one in four of Pacific Bell's non-customers is White (24%) and one in five is Black (20%). Just 1% are Asian.

Use of English/Spanish among Hispanic Non-Customers

• Language Dependent (LD) and Non Language Dependent (NLD)

	Hispanic LD			Hispanic NLD			Hispanic Total		
	Total	GTE	PB	Total	GTE	PB	Total	GTE	PB
	%	%	%	%	%	%	%	%	%
At home, speak —									
English only	-	-	-	13	7	14	5	3	5
Both English and Spanish	41	48	40	82	83	81	56	63	56
English most	7	3	7	34	18	36	17	9	18
Spanish most	32	36	31	38	54	36	34	44	33
Not reported	2	9	2	10	11	9	5	10	5
Spanish only	60	52	61	5	10	5	39	34	39
Use at home (recap)									
English (total)	41	48	40	95	91	95	61	66	61
Spanish (total)	100	100	100	87	93	86	95	97	95
Use of English (recap)									
Use only/most	7	3	7	47	25	50	22	12	23
Use both, but Spanish most	32	36	31	38	54	36	34	44	33
Use Spanish only (no English)	60	52	61	5	10	5	39	34	39
Base	(205)	(118)	(87)	(142)	(84)	(58)	(347)	(202)	(145)

Source: Q.801, 802, 800(NC)

Comfort with English Language

• Among Hispanic Language Dependent (HLD) Non-Customers

	HLD Non-Customers		
	Total	GTE	PB
	%	%	%
% of non-customers	34	40	34
When speaking English, feel —			
Very uncomfortable	49	50	49
Somewhat uncomfortable	24	20	25
Somewhat comfortable	14	11	14
Very comfortable	10	19	9
Not reported	3	-	4
Base	(205)	(118)	(87)
Projected to total HLD Non-customers —			
Very uncomfortable	17	20	17
Somewhat uncomfortable	8	8	9
Somewhat comfortable	5	4	5
Very comfortable	3	8	3

Source: Q.902, 903, 905a(NC)

Use of English/Spanish among Hispanic Non-Customers

Table 1.2

Hispanic non-customers (and matched customers) were asked a series of questions to determine the languages they speak at home, their comfort in speaking English and the language they would prefer when calling the phone company.

The next few tables describe the languages used at home among Hispanic non-customers.

Highlights

34% of non-customers are classified as language dependent Hispanics (i.e. interviewed in Spanish, by choice). This group shows a strong dependency on Spanish for communications:

- 60% use only Spanish at home
- Another 32% speak English, but use Spanish most at home
- Only 7% use English most at home

21% of non-customers are classified as non-language dependent Hispanics (i.e. interviewed in English by choice). While many speak Spanish, they are not typically dependent on Spanish:

- 95% speak English at home, and 47% speak English only/most
- 87% speak Spanish at home, and 38% speak Spanish most
- Just 5% use only Spanish at home

The final column of figures opposite shows use of English and Spanish at home among the total Hispanic non-customer population: 39% use only Spanish, another 34% use both but Spanish most at home and 22% use English only or most at home.

GTE's Hispanic non-customers show a greater dependency on Spanish (fewer English only/most) because (a) it has proportionately more Hispanics among its non-customers and (b) its NLD Hispanics are much more likely than Pacific Bell's to speak Spanish most or only at home: 64% vs. 41%.

Comfort with English Language

Table 1.3

- Among Language Dependant Hispanic Non-Customers

LD Hispanic non-customers were asked how comfortable they feel when speaking English.

Responses are shown opposite.

Highlights

As shown on the previous page, three-fifths (60%) of the LD Hispanic non-customers do not speak English at all at home. While 39% use both English and Spanish at home, most use Spanish *most* at home.

Not surprisingly, most of these non-customers (73%) feel uncomfortable when speaking English: about half (49%) feel "very" uncomfortable and another 24% feel "somewhat" uncomfortable.

This does not vary by company.

When these data are projected to all non-customers, it can be seen that about one in four of the total non-customer pool is a Hispanic who is "uncomfortable" speaking English.

Language Preference for Calling Phone Company

• Among Hispanic Non-Customers Who Speak Spanish at Home

	Hispanic LD			Hispanic NLD			Hispanic Total		
	Total	GTE	PB	Total	GTE	PB	Total	GTE	PB
	%	%	%	%	%	%	%	%	%
% of total non-customers	34	40	34	21	29	21	56	69	54
% of group speak Spanish at home	100	100	100	87	93	86	95	97	95
Among those who speak Spanish at home —									
When call phone co., prefer									
Spanish	88	83	88	33	45	31	68	68	68
English	4	7	4	30	24	31	13	14	13
No preference	9	10	8	34	28	35	18	17	18
Not reported	-	-	-	3	3	3	1	1	1
Base	(205)	(118)	(87)	(127)	(78)	(49)	(332)	(196)	(136)
Projected to total group —									
Prefer Spanish	88	83	88	29	42	27	65	66	65
Prefer English (a)	4	7	4	39	29	41	17	17	17
No preference	9	10	8	30	26	30	17	16	17

(a) Includes those who do not speak Spanish at home

Source: Q.902, 904a

Language Preference for Calling Phone Company

Table 1.4

Non-customers who speak Spanish at home were asked which language they prefer to use when calling the phone company.

Responses are shown opposite.

Highlights

Almost all of the LD Hispanics prefer to use Spanish when calling the phone company: 88%. A few say they have no preference (9%) and fewer still (just 4%) say they prefer English.

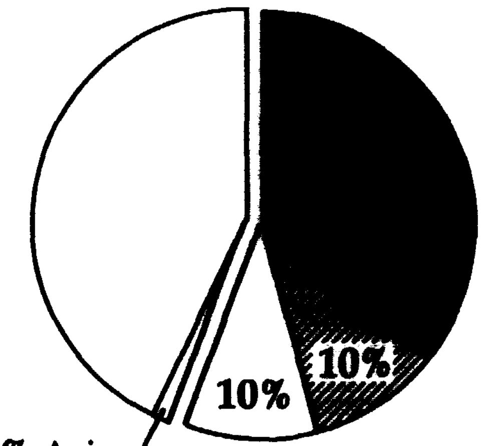
Among NLD Hispanics there are one-third who, despite the fact they preferred to be interviewed in English, say they would prefer to talk with the phone company in Spanish. Three in ten prefer English and about another one-third have no preference (could use either equally well).

This does not vary by company.

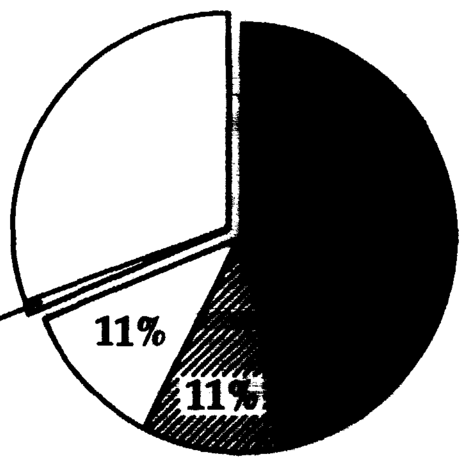
Language Preference for Calling Phone Company

■ Prefer Spanish ▨ No preference □ Prefer English

Total (GTE & PB combined) (n=571)



GTE (n=288)



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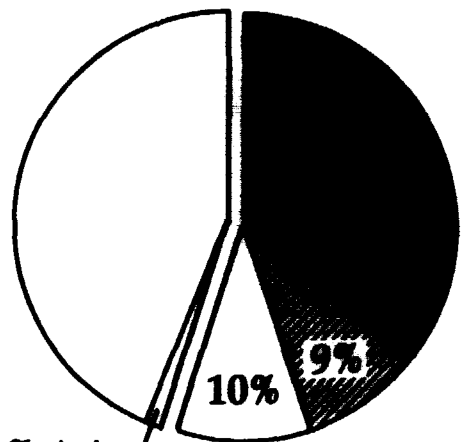

* Less than 0.5%   Source: Table 1.4, Q.822(NC)

Language Preference for Calling Phone Company

Table 1.5

Highlights

Whites and Blacks can, of course, be reached with English and they represent 43% of the total non-customers.

Thus, it is useful to put the language preferences of Hispanics together with those of Blacks and Whites to show a total picture of the languages needed to effectively reach the total non-customer pool.

When these language preferences are projected to total non-customers, it can be seen that 36% prefer Spanish and, another 10% have no preference (i.e. could use either Spanish or English). This leaves roughly half of all non-customers who prefer English -- the Whites, the Blacks and the 10% Hispanics who do so.

By company: Because GTE has more Hispanics in its non-customer pool than Pacific Bell, close to half of its total non-customers (46%) prefer Spanish (vs. 35% for Pacific Bell).

Language Capability as a Factor Affecting Having Phone Service

	Hispanic Total		Hispanic LDs		Hispanic NLDs	
	Non-customers	Matched customers	Non-customers	Matched customers	Non-customers	Matched customers
	%	%	%	%	%	%
Use English only/most	22	16	7	*	47	40
Use both, Spanish most	34	45	32	40	38	53
Use Spanish only	39	35	60	58	5	1
When speaking English, feel						
Very uncomfortable			49	36		
Somewhat uncomfortable			24	35		
Comfortable			24	28		
When calling phone company						
Prefer Spanish	65	66	88	81	29	42
Prefer English	17	17	4	5	39	33
No preference	17	16	9	14	30	19
Aware phone co. has Spanish speaking reps	91	95	91	98	90	92
Base	(347)	(347)	(205)	(201)	(142)	(146)

Source: Q.901, 902, 903, 904a, 905a(NC)(C), Q.40(NC), Q.29(C)

*Less than 0.5%

Language Capability as a Factor Affecting Having Phone Service

Table 1.6

The table opposite compares Hispanic non-customers with the matched Hispanic customers [1] with respect to language capabilities and preferences in an effort to better understand the role that these factors play in determining whether one has telephone service.

Highlights

Hispanic customers are not substantially different from their Hispanic non-customer counterparts with respect to use of English and/or Spanish at home or preferences when calling the phone company. Among both groups, there is a strong preference for using Spanish when calling the telephone company.

There is, however, an indication that language dependent customers are a little less likely than non-customers to be "very uncomfortable" speaking English and more likely than non-customers to be only "somewhat uncomfortable". This suggests that the degree of discomfort in speaking English among LD Hispanics could be a contributing factor in their not having phone service, but the difference is too small to suggest that this, by itself, is a major differentiator.

Awareness that Phone Company Has Representatives Who Speak Spanish: The large majority of Hispanic customers as well as non-customers are aware the phone company has service representatives who speak Spanish.

The high awareness of Spanish language speaking representatives provides further evidence that language, per se, is probably not currently a major factor differentiating those who have phone service from those who do not.

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[1] *Upon completion of a non-customer interview, the interviewer completed an interview with the next available customer of the same ethnicity/race (i.e. "matched customer").*